



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 7/27/2004

**GAIN Report Number:** PL4025

## Poland

### Product Brief

### Distilled Spirits

**2004**

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**Report Highlights:**

Alcoholic beverage consumption in Poland has been steadily rising. Poland is the world's fourth largest consumer of vodka. The market for distilled spirits was highly protected by tariffs; however, Poland's May 1, 2004 accession to the European Union, tariffs have dramatically dropped. The United States has a large share in the whiskey and gin markets which continue to expand.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Warsaw [PL1]  
[PL]

## I. Introduction

Distilled spirits represent a small percentage of the alcohol consumed in Poland, due to the recent increases in wine and beer consumption. Vodka dominates the distilled spirits market, accounting for 9% of total alcoholic beverage consumption. Whiskey has been growing in popularity in Poland among the younger crowd and imports from the United States for whiskey have been growing rapidly. Poland became a member of the European Union on May 1, 2004, which has reduced the tariff rates on alcoholic beverage imports significantly increasing market access, which was once very small.

<b>Advantages</b>	<b>Challenges</b>
The tariff rates imposed on all alcoholic beverages have decreased dramatically due to Poland's May 1, 2004, accession to the EU.	Poland produces a large quantity of distilled spirits domestically which are of a high quality.
Poland is the fourth largest consumer of Vodka.	Consumers are purchasing more beer and wine than ever before.
Whiskey has been traditionally a drink of choice among Poles. Recently the younger sector has acquired the taste for Bourbon, due to its being seen as a trendy drink.	Low salaries make the Polish alcohol market very price sensitive.

## II. Market Sector Opportunities and Threats

### Retail & HRI Market Sector

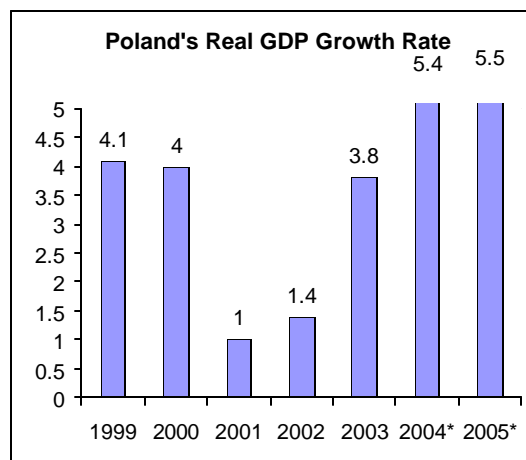
#### 1) Entry Strategy

Contacting the right importer will help a business enter the Polish distilled spirits market. Most supermarkets, hypermarkets, specialty shops, hotels, restaurants, and catering companies buy the majority of their distilled spirits through wholesalers, set up through larger importers or work independently, have their own distribution channels, and marketing contacts. Exporters of U.S. distilled spirits may obtain a list of current importers by contacting the Office of Agricultural Affairs of the U.S. Embassy in Warsaw (see Section V).

#### 2) Market Size, Structure, Trends

The distilled spirits market is very competitive. A wide range of spirits can be purchased on the market from all over the world ranging widely in price.

Alcoholic beverage consumption in Poland is dependent on the amount of disposable income available. In years when economic growth is experienced there appears to be an increase in alcoholic beverage consumption. When growth slows, consumptions tend to slump as indicated in the following charts.



Source: Central European Distribution Corporation      Source: Citibank  
(An estimated 20% of Spirit Consumption unmeasured)

Most large importers distribute products through their own wholesale operations located throughout Poland. Besides utilizing their own distribution channels, importers also sell their products to independent wholesale firms, which in turn distribute distilled spirits to hypermarkets, specialty shops as well as small retail stores located in larger cities.

**Table 1: Poland's Distilled Spirits Imports**

Bourbon, 22083011				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
United States	13,483	186	19,970	261
Netherlands	172	3	0	0
World Total	13,656	189	19,970	261

Malt Scotch Whiskey, 22083032				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
United Kingdom	4,041	105	7,684	232
Netherlands	1,116	26	865	19
France	304	3	634	12
World Total	5,469	135	9,183	263

Blended Scotch Whiskey, 22083052 and 22083058				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
United Kingdom	3,271,064	3,271	687,146	6,092
Ireland	12,282	12	3,803	30
France	9,188	9	2,440	14
Bulgaria	0	0	77	2
Netherlands	537	1	10,373	27
World Total	3,294,683	3,295	703,915	6,165

Rum and Tafia, 220840				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
Bahamas	20,006	154	32,181	281
Jamaica	10,745	56	5,086	37
Netherlands	164	0.5	22,661	35
World Total	34,017	228	68,420	420

Gin and Gin Geneva, 220850				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
United Kingdom	24407	185	27939	195
United States	39659	180	192649	153
France	1373	8	1248	5
World Total	66481	372	222583	358

Liquors and Cordials, 220870				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
Ireland	11376	311	16208	611
Italy	26011	421	24430	474
Netherlands	21733	254	28169	394
Germany	10373	100	14798	162
France	9517	101	5622	79
United Kingdom	1134	20	1320	26
United States	3393	28	2825	24
World Total	85891	1262	96707	1813

Vodka, 220860				
	2002		2003	
Country	LPA	\$1,000	LPA	\$1,000
Finland	310694	887	549127	1860
Sweden	257739	1050	141307	562
France	0	0	14057	55
United Kingdom	5483	44	5393	51
Denmark	3071	26	2865	28
United States	844	2	1868	7
World Total	579394	2017	715995	2568

Source: World Trade Atlas

The whiskey and bourbon market is primarily comprised of products from Scotland and the United States. Scottish whiskey comprises a slightly larger portion of the market share due to lower duties in the past as well as a long tradition of consumption of Scottish whiskey in Poland; however, the increased availability of US brands is indicative of the potential for growth in this market.

In the gin market the US faces fierce competition from the United Kingdom. Gin from the US is bought more frequently due to the lower price for an equivalent or higher quality product, however; gin from the UK is readily available and sold at a higher price.

**Table II. Polish Per Capita Alcoholic Beverage Consumption**

Product	Unit of Measure	1980	1990	1999	2000	2001	2002
Vodkas, liquors and other alcoholic beverages	Liters of 100% pure alcohol	6.0	3.8**	2.1	2.0	1.7	1.7
Wines and drinking honey	Liters	10.1	7.4	13.6	11.9	10.5	11.2
Beer made on the base of malt***	Liters	30.4	30.4	60.1	66.2	65.8	70.7

Source: Polish Statistical Office

\* Please note that some industry experts are of the opinion that the official statistics in many cases are different from industry data by as much as 5%.

\*\* Data are available for local production only.

\*\*\* Since 2000 only product containing above 0.5% of alcohol are listed in this category.

Polish distilled spirits consumption declined from 1993 when an excise tax on alcoholic beverages was introduced. Demand moved from traditionally consumed distilled spirits to other alcohols, mainly beer. According to industry experts, consumption of hard liquors (high alcohol content) and wine in 2003 increased by as much as 30-40% per capita. This is a result of increased purchases of alcohol from legal sources (traceable data) as well as steadily increasing demand for wine.

Whiskey is becoming a popular drink, especially among young people in Poland. The most popular brands include: Johnnie Walker (Red and Black Label) and Ballentines. American brands most often purchased: Jack Daniel's Whiskey (0.4% of sales in Poland), Jim Beam (0.1% of sales in Poland) and Medley's (0.1% of sales in Poland)

### III. Costs and Prices

On January 23, 2004 the Polish President signed a new law on excise tax. The general regulations became effective on March 1, 2004. For details please see section IV.

Distilled spirits are primarily purchased at hypermarkets or specialty shops for consumption at home. A small portion of distilled spirits are purchased at hotels, clubs, and restaurants; this number is expected to rise as the tourism industry grows.

Table III. Warsaw Retail Prices (July 2004)

	% Strength	Volume	Price	Country of Origin
Vodka	40%	500 mL	30.99	Finland
Cranberry Vodka	40%	500 mL	44.99	Finland
Lime Vodka	40%	700 mL	43.99	Finland
Vodka	40%	700 mL	65.00	Finland
Vodka	40%	700 mL	52.00	Israel
Vodka	40%	700 mL	25.99	Poland
Vodka	40%	700 mL	39.00	Poland
Chopin Vodka	40%	700 mL	42.99	Poland
Bols	40%	700 mL	45.00	Poland
Plum Vodka	70%	700 mL	55.99	Poland
Bols	40%	700 mL	65.00	Poland
Premium Vodka	40%	750 mL	39.00	Poland
Chopin Vodka	40%	750 mL	55.99	Poland
Absolut Vodka	40%	700 mL	59.90	Sweden
Blue Vodka	40%	700 mL	65.00	Sweden
Citrus Vodka	40%	700 mL	69.00	Sweden
Black Currant Vodka	40%	700 mL	69.00	Sweden
Absolut Vodka	40%	1000 mL	72.99	Sweden
Red Vodka	40%	700 mL	45.00	USA
Black Vodka	40%	700 mL	146.00	USA
Tennessee Whiskey		750 mL	159.00	USA
Single Malt Whiskey		750 mL	279.00	Scotland
Single Malt Whiskey		750 mL	259.00	Scotland
Red Scotch Whiskey		700 mL	89.00	Scotland
Scotch Whiskey		700 mL	99.00	Scotland
Black Scotch Whiskey		700 mL	142.00	Scotland
Blue Scotch Whiskey		750 mL	1375.00	Scotland
Gold Scotch Whiskey		700 mL	495.00	Scotland
Dimple Scotch Whiskey		750 mL	265.00	Scotland
Single Malt Whiskey		750 mL	289.00	Scotland
Scotch Whiskey		3000 mL	435.00	Scotland
Canadian Club Whisky		750 mL	125.00	Canada
Wild Turkey Bourbon		700 mL	169.00	USA
Kentucky Bourbon		700 mL	74.50	USA
Bourbon		700 mL	625.00	USA
Black Bourbon		700 mL	185.00	USA
Straight Bourbon		700 mL	139.00	USA
Bourbon		750 mL	139.00	USA
Bourbon		700 mL	415.00	USA
Black Jack		700 mL	67.99	USA
Jim Beam		700 mL	131.99	USA
Bourbon		700 mL	169.00	USA

Gin	37.5%	700 mL	51.99	USA
Gin	38%	700 mL	32.99	USA
Lime Gin	38%	350 mL	16.99	USA
Lime Gin	38%	700 mL	32.99	USA
London Gin	40%	700 mL	47.80	England
Dry Gin	40%	700 mL	95.00	England
Carolán's Irish Cream	17%	500 mL	33.99	USA
Scottish Irish Cream	17%	700 mL	85.99	Scotland
Bailey's Irish Cream	17%	700 mL	90.00	Ireland
Bol's Blue Liquor		700 mL	85.00	Poland
Amaretto		500 mL	19.99	Poland
Blue Curacao		500 mL	28.99	Poland
Crème de Menthe		500 mL	26.99	Poland
Sheridan's Liqueur	18.5%	500 mL	77.00	United Kingdom
White Rum		700 mL	86.90	Cuba
White Rum		700 mL	94.90	Cuba
White Rum		700 mL	67.00	USA
White Rum		500 mL	40.00	USA
Black Rum		700 mL	69.00	USA
8 Year Old Rum		700 mL	119.00	USA
Captain Morgan		700 mL	78.00	USA
Black Rum		700 mL	125.00	Cuba
8 Year Old Rum		700 mL	153.00	Cuba
Brandy	36%	700 mL	32.99	Poland
Brandy	36%	700 mL	74.99	Poland
Kahlua		750 mL	70.00	USA
Kahlua		750 mL	88.00	South Africa

Source: FAS Warsaw Field Research

#### IV. Market Access

The excise tax is calculated based on pure alcohol level content at a temperature of 20 C in the final product.

The Minister of Finance's new working regulations on excise taxes on several products as of April 22, 2004, effective May 1, 2004 assesses the following tax:

HS 2204, 2205, 2206 - Wine and fermented drinks - PLN 136 (USD 37) per hectoliter

HS 2207.10.00 - Ethyl alcohol for consumption purposes - PLN 4,400 (USD 1,202)

HS 2208 - Vodka, liqueurs, other alcoholic beverages, 2103.90.30; 2106.90.20 alcohol preparations for drink production, based on ethyl alcohol - PLN 4,400 (USD 1,202)

Other alcoholic beverages with no HS code indication, with an alcohol content above 1.2% vol. - PLN 4,400 (USD 1,202).

The July 27, 2004 exchange rate is USD 1 = PLN 3.66.

Duty-free/custom bound warehouses can now be operated in Poland by facilities with a history (previous year) of revenue of PLN 700 million (USD \$ 180 million). New duty free facilities may be established by obtaining required permits and providing estimates of planned revenue. The revenue of new facilities must be reported to customs authorities after 3 months of operation. If it does not meet the initially forecast level, the permits issued to such facilities are invalidated.

Importers of alcoholic beverages must purchase ("partial advance payment") excise tax stickers from Polish authorities. Imported products must have "excise tax" stickers put on before entering Poland (as was in the past). Excise tax has to be paid in full once the product enters Poland, minus the sum already paid as "partial advance payment" of excise tax (paid by importers when obtaining the excise tax stickers).

Regulations on products designated for "duty free" sales are still being worked on – currently duty free products do not require "excise tax stickers".

**Table IV: Distilled Spirits Tariffs**

HS Code	Product	Rate
2208 30	Whiskies:	
2208 30 11	- Bourbon Whiskey	0%
2208 30 19		
	- Scotch Whiskey	
2208 30 32	-- Malt Whiskey	0%
2208 30 38		
2208 30 52	-- Blended Whiskey	0%
2208 30 58		
2208 40	Rum and tafia:	
	In containers holding	
	2 liters or less:	
2208 40 11	Rum with a content	0.6 EU/ %vol/hl
	of volatile substances	+ 3.2 EU/hl
	other than ethyl and	
	methyl alcohol equal	
	to or exceeding 225	
	grams per hectoliter	
	of pure alcohol (with	
	a 10% tolerance.	
	-- Other:	
2208 40 31	Of a value exceeding	0%
	EU 7.9 per liter of	
	pure alcohol.	



2208 40 39	Other	0.6 EU/ %vol/hl + 3.2 EU/hl
	In containers holding 2 liters or more:	
2208 40 51	Rum with a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectoliter of pure alcohol (with a 10 % tolerance)	0.6 EU/ %vol/hl
	--Other:	
2208 40 91	Of a value exceeding EU 2.0 per liter of pure alcohol.	0%
2208 40 99	---Other:	0.6 EU/ % vol/hl
2208 50	Gin and Geneva	0%
2208 60	Vodka	0%
2208 70	Liqueurs and Cordials	0%
2208 90	Other	0%

\*Please note that as Poland became a member of the EU on May 1, 2004, the EU's external custom duty rates are applied. For additional information on EU duty rates applied to product from other non-EU suppliers, please refer to the following Internet address:

[http://europa.eu.int/comm/taxation\\_customs/dds/en/tarhome.htm](http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm)

## V. Key Contacts and Further Information

For more information concerning market entry and a current importer list contact:

-Embassy of the United States of America

Office of Agricultural Affairs, Warsaw, Poland

Attention Agricultural Counselor and Marketing Specialist

e-mail: [agwarsaw@usda.gov](mailto:agwarsaw@usda.gov) or [agwarsaw@poczta.onet.pl](mailto:agwarsaw@poczta.onet.pl)

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-United States Department of Agriculture, Foreign Agricultural Service, AGX Division

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FAS TTY Number: 202-690-4879

Additional information on the Polish market (e.g. Retail Sector) can be found on the Internet at ([www.fas.usda.gov](http://www.fas.usda.gov)) at the *Attaché Reports* link.